



NEWS RELEASE

PRESS OFFICE

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SBA ANNOUNCES PILOT PROJECT TO BOOST FEDERAL CONTRACTS TO “VERY SMALL BUSINESSES”

WASHINGTON – Small businesses with fewer than 15 employees will get the first shot at federal contracts under \$50,000 in 10 regions around the country under a new U.S. Small Business Administration (SBA) pilot program announced today by SBA Administrator Aida Alvarez.

“Today’s announcement strengthens SBA’s commitment to help the nation’s smallest businesses get a foot in the doorway of the \$200 billion federal marketplace for goods and services,” Administrator Alvarez said. “These emerging businesses are proven job creators, but they have been inhibited by their size in competing for lucrative federal contracts. Now we’re going to see what happens when they get the first shot.”

The regulations governing the Very Small Business Set-Aside Pilot Program were published today in the *Federal Register*. The pilot is to last until Sept. 30, 2000.

The rules define a “very small business” as one with 15 or fewer employees together with less than \$1 million in average annual receipts. Federal contracts ranging in size from \$2,500 to \$50,000 for those businesses are to be set aside for those businesses, if certain conditions are met.

Under the pilot program, federal procurement contracts between \$2,500 and \$50,000 must be set aside and reserved for very small businesses if:

- The contract activity – whether it involves the sale of goods or of services – will be performed in one of the 10 geographical areas included in the pilot, and
- There is a reasonable expectation of obtaining competitive bids from two or more responsible very small businesses that are headquartered in that same geographical area.

In FY 1997, there were 247,381 federal contracts under \$50,000. They had a total dollar value of nearly \$5.2 billion, and amounted to about 2 percent of all federal contracts.

The program is being piloted in the areas served by SBA district offices in Albuquerque, NM; Los Angeles, CA; Boston, MA; Louisville, KY; Columbus, OH; New Orleans, LA; Detroit, MI; Philadelphia, PA; El Paso, TX, and Santa Ana, CA. A list of the areas covered by these SBA field offices is attached.

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AREAS INCLUDED IN PILOT DISTRICTS

Albuquerque: the entire state of New Mexico

Los Angeles: counties of Los Angeles, Santa Barbara and Ventura *

Boston: the entire state of Massachusetts

Louisville: the entire state of Kentucky

Columbus: the Ohio counties of Adams, Allen, Ashland, Athens, Auglaize, Belmont, Brown, Butler, Champaign, Clark, Clermont, Clinton, Coshocton, Crawford, Darke, Delaware, Fairfield, Fayette, Franklin, Gallia, Greene, Guernsey, Hamilton, Hancock, Hardin, Highland, Hocking, Holmes, Jackson, Knox, Lawrence, Licking, Logan, Madison, Marion, Meigs, Mercer, Miami, Monroe, Montgomery, Morgan, Morrow, Muskingum, Noble, Paulding, Perry, Pickaway, Pike, Preble, Putnam, Richland, Ross, Scioto, Shelby, Union, Van Wert, Vinton, Warren, Washington and Wyandot

New Orleans: the entire state of Louisiana

Detroit: the entire state of Michigan

Philadelphia: the entire state of Delaware and the Pennsylvania counties of Adams, Berks, Bradford, Bucks, Carbon, Chester, Clinton, Columbia, Cumberland, Dauphin, Delaware, Franklin, Fulton, Huntingdon, Juniata, Lackawanna, Lancaster, Lebanon, Lehigh, Luzerne, Lycoming, Mifflin, Monroe, Montgomery, Montour, Northampton, Northumberland, Philadelphia, Perry, Pike, Potter, Schuylkill, Snyder, Sullivan, Susquehanna, Tioga, Union, Wayne, Wyoming and York

El Paso: the Texas counties of Brewster, Culberson, El Paso, Hudspeth, Jeff Davis, Pecos, Presidio, Reeves and Terrell

Santa Ana: the California counties of Orange, Riverside and San Bernardino*

* For the purposes of the pilot program, the areas covered by the Los Angeles and Santa Ana district offices will be considered to be a single geographical area.

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The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses. America's 23 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

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